

OFFICIAL PROCEEDINGS OF THE BOARD OF TRUSTEES CITY OF LANSING POLICE AND FIRE RETIREMENT SYSTEM

Regular Meeting
Council Conference Room
10th Floor, City Hall
Lansing, MI

June 16, 2015
Tuesday, 8:30 a.m.

The Board was called to order at 8:38 a.m.

Present: Trustees Oleson, Rose, St. Aubin, Wohlfert, Wood– 5.
Absent: Trustee Bernero, Fabus

Others: Angela Bennett, Karen E. Williams, Finance Department; Attorney Ken Lane, Clark Hill Law Office (representing the Law Department); Laurel M.

The Police and Fire Retirement System Board acknowledged receipt of the Committee of the Whole Minutes for the meeting of May 12, 2015. There was no quorum for an official meeting.

It was moved by Trustee Oleson and supported by Trustee Wohlfert to approve the Official Minutes of the Joint Employees Retirement System Board and the Police and Fire Retirement System Board Meeting of May 14, 2015.

Adopted by the following vote: 5 – 0

There were no public comments.

Secretary's Report.

0 new fire member(s), 0 new police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 3 retired. Total: Active membership: 318. 2 death(s), Florine Radee, died 4/12/2015, age 87, spouse of fire member; James R. Stampski, Fire died May 4, 2015, age 67, spouse to receive 50% . Refunds made since the last regular meeting amounted to \$0.00. Reimbursements to the System year-to-date amount to \$0.00. Retirement allowances paid for the month of May 2015 amounted to \$2,387,123.11. Total retirement checks printed for the P&F System: 709. Total retirement checks printed for both systems: 1620. Domestic relations order received: 1. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

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Mr. Robert Rose introduced Ms. Laurel McDevitt of Dewpoint as the project coordinator for the Tegrit software implementation. Ms. McDevitt replaced Dawn Polihonki.

Ms. McDevitt discussed her background in public management. She also reviewed her experience as a project manager and provided an overview of some her work with the implementation of software systems. Ms. McDevitt provided an update of the Tegrit project. Ms. McDevitt discussed the next steps of completing user testing, validating and automating data exchange.

Trustee St. Aubin introduced the members of the Police and Fire Retirement System.

It was moved by Trustee Oleson and supported by Trustee Wood to approve the following application for Regular Age and Service Retirement:

Del Kostanko, Police Department, 25 years of service credits, age 48, effective June 13, 2015 (with the purchase of 2 years of military service credits and 1 year, 1 month of universal buy-in of service time)

Adopted by the following vote: 5 - 0

Trustee Wohlfert discussed his attendance at the MAPERS Spring Conference Report. Trustee Wohlfert discussed that training seminar, legal updates and enjoyed the new trustee workshop.

Trustee Oleson provided his oral report of the MAPERS Spring Conference. He discussed workshops that he attended that included legislative updates.

Attorney Ken Lane provided a review of the legislative breakfast held at MAPERS. He discussed Senate Bill 102 that focused on state teachers. Attorney Lane also discussed employees that retiree and come back as a contract employee. Issues arise if a person gets a pension, but continues to work the exact same job and hours. During one of the workshops, the moderator stated this situation can be problematic and violate the IRS code if specific contracts are not in place. Attorney Lane recommended that Police and Fire Retirement Board perform a due diligence review of the city contract provisions.

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Ms. Angela Bennett explained the difference between an independent contractor and a person who works on a contract. Ms. Bennett explained the language in the city contract does specify that the worker is not an employee, but works under a contract.

Attorney Ken Lane will do additional research and bring a report back to the Police and Fire Retirement Board.

Trustee Wohlfert reported that the Police and Fire Retirement Board Disability subcommittee had received a report from the Medical Director for Applicant #2014-F1216. The subcommittee reviewed the report and recommends concurrence with the Medical Director to approve the request for duty disability retirement.

It was moved by Trustee Wohlfert and supported by Trustee Oleson to approve the request for duty disability retirement for Applicant 2014 –F1215.

Adopted by the following vote: 5 – 0

Karen Williams updated the Police and Fire Retirement Board that Applicant #2015-P0512 is listed as pending for nonduty disability retirement. The Retirement Office has sent a request for the applicant's medical reports and documents to send to the Medical Director.

It was moved by Trustee Wood and support by Trustee Wohlfert to approve the following request for Refund of Accumulated Contribution:

Brian Rasdale, Police, \$8,269.10, not vested

Trustee Wohlfert inquired if the applicants receive interest in addition to their contributions.

Ms. Williams indicated that the interest was 3% as allowed by policy.

Trustee St. Aubin indicated that the Police and Fire Retirement Board should Review its policy regarding the interest rate.

Trustee Rose inquired about the reasoning behind providing interest to contributions for employees that terminate.

Trustee Wood explained that interest was given because monies had been taken from their check, held and utilized for investment purposes. For those members who retire, they receive these contributions and interest in their pension.

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Angela Bennett agreed that the interest rate may be high, but also expressed caution about the administrative burden when changing the interest rate. Angela Bennett discussed tracking and calculating for members who have contributions with different rates.

Attorney Ken Lane believed that the Police and Fire Retirement Board had the authority to change the interest rate for accumulated contributions but stated that he would review the collective bargaining agreements, polices and Ordinance.

Adopted by the following vote: 5 – 0

Trustee Fabus requested an excused absence from the June Meeting.

It was moved by Trustee Oleson and supported by Trustee Wohlfert to excuse Trustee Fabus from the June Meeting.

Adopted by the following vote: 5 - 0

Trustee Wood requested a Retirement Ordinance update. Attorney Ken Lane was informed by the City Attorney's office that the Ordinance is still waiting for the finalized collective bargaining agreements for the Police and Fire members.

Attorney Lane distributed a copy of the revised Investment Policy. He also recommended that the Police and Fire Retirement Board review its Frequently asked Questions document for updating. Attorney Lane also discussed the Northern Trust settlement. The settlement administrator will determine the amount that will be received by the Police and Fire Retirement Board.

Attorney Lane explained that the settlement is not based upon any fraud. The lawsuit claims that Northern Trust could have made better investment choices within in its direct securities lending program.

Karen Williams provided information of the duty disability income verification. Duty disability retirees are required to submit an annual certification of outside income by April 30, 2015. Ms. Williams reported that there were two adjustments and two suspensions due to non-reporting of income.

Trustee Oleson requested the status of retirees to be re-evaluated for the continuation of benefits.

Ms. Williams explained that letters are being sent to these retirees. She also indicated that some retirees are out of state and the coordination of some of the re-evaluations would take longer.

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Trustee Wood inquired about re-evaluations disability retirees who live out of state.

Trustee St. Aubin reported that disability retirees who choose to move out of state are still subject to re-evaluation at their expense.

Karen Williams reported that the Police and Fire Retirement Board discussed due diligence visits in the fall. Ms. Williams indicated once a decision had been made, the visits would need to be arranged in coordinate with Asset Consulting Group (ACG). ACG recommended due diligence visits to Northern Trust and William Blair.

Trustee St. Aubin added two items to other business regarding the post-retirement benefit adjustment and deadline for actuarial information.

Trustee Oleson indicated that there was confusion with Fire members regarding how the post-retirement benefit adjustment works. Trustee Oleson inquired if the retirement office could provide an example sheet that could be distributed.

Karen Williams will provide an example sheet at the next meeting for review that can be distributed.

The Police and Fire Retirement Board inquired about the status for the actuarial data exchange.

Ms. Angela Bennett requested additional time to provide the financial data to the actuary. She reported that the demographic information had been sent, but the financial data had been delayed due to priorities with the Tegrit software implementation and staff shortage.

Trustee Wood inquired when the financial data would be ready. Ms. Bennett estimated a few weeks, but cautioned that the finance department may need additional time.

It was moved by Trustee Rose and supported by Trustee Wood to extend the Reports deadline to exchange data to July 21, 2015.

Adopted by the following vote: 5 - 0

Karen Williams reviewed the Monthly Investment Report and the Securities Lending Report for the period ending May 30, 2015.

Trustee St. Aubin indicated that he would not be available to attend the July Police and Fire Retirement Board meeting.

The meeting adjourned at 9:54 am.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Brad St. Aubin, Chairperson
Police & Fire Retirement System